



COMMONWEALTH of VIRGINIA

Philip A. Leone
Director

Joint Legislative Audit and Review Commission
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June 11, 2001

MEMORANDUM

TO: Philip A. Leone

FROM: Glen S. Tittermary

SUBJECT: Approval of DIT Cost Allocation Plan

On April 2, 2001, the Department of Information Technology submitted its revised Cost Allocation Plan for the 2000 - 2002 biennium for the Computer Services, Enterprise Solutions (formerly, Systems Development), and Telecommunications internal service funds. The last plan was submitted in May 1998. The plan has already been certified for federal allocation as required by OMB Circular A-87. I have completed a review of the plan and recommend that it be approved by the Commission.

The new plan includes a number of changes, but most are updates of agency organizational information or financial data used to implement the various cost allocation models. There appears to be little change in the models or distribution mechanisms themselves. Details of the changes are outlined below.

The Computer Services section had no changes from the prior plan. Rates for computer services were last approved by the Commission in October 2000.

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The Telecommunications section includes the new billing elements for Frame Relay, ATM, Dedicated Circuits, Network Access, and Router Services. These new billing elements and their associated rates were approved by the Commission in October 2000.

The Systems Development internal service fund is now called Enterprise Solutions Services to reflect the broader range of services provided by the division. In addition to more traditional systems development and programming support, DIT services now include Web, LAN, and communications design and implementation. The Cost Allocation Plan has been modified to reflect these new services. The chargeback to customers has not changed, however, with services billed on hourly rates already approved by the Commission (June 2000).

Given the nature of the changes to the plan, I recommend approval by the Commission.

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